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**ATTORNEYS FOR THE AD HOC COMMITTEE  
 OF KENTON COUNTY BONDHOLDERS**

**UNITED STATES BANKRUPTCY COURT  
 SOUTHERN DISTRICT OF NEW YORK**

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In re	)	Chapter 11
DELTA AIR LINES, INC., <u>et al.</u> ,	)	Case No. 05-17923 (ASH)
Debtors.	)	Jointly Administered
	)	

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**STATEMENT OF ISSUES AND DESIGNATION OF RECORD ON APPEAL OF THE  
 AD HOC COMMITTEE OF KENTON COUNTY BONDHOLDERS FROM  
 ORDER CONFIRMING DEBTORS' JOINT PLAN OF REORGANIZATION  
 UNDER CHAPTER 11 OF THE BANKRUPTCY CODE,  
ENTERED BY THE BANKRUPTCY COURT ON APRIL 25, 2007 [DOCKET NO. 5998]**

The Ad Hoc Committee of Kenton County Bondholders (the “Kenton County Bondholders Committee”), as holders (or investment advisors to holders) (collectively, the “Bondholders”) of the \$419,000,000 Kenton County Airport Board, Special Facilities Revenue Bonds, 1992 Series A (Delta Air Lines, Inc. Project) and the \$19,000,000 Kenton County Airport Board, Special Facilities Revenue Bonds, 1992 Series B (Delta Air Lines, Inc. Project) (collectively, the “Bonds”) issued pursuant to that certain trust indenture dated February 1, 1992 (the “Trust Indenture”),

between Kenton County Airport Board, as issuer (“KCAB”), and Star Bank, N.A., as trustee (the “Trustee”),<sup>1</sup> and guaranteed by Delta Air Lines, Inc. (“Delta,” and together with its affiliated debtors and debtors in possession in the above-captioned chapter 11 cases, the “Debtors”) pursuant to that certain guaranty dated February 1, 1992 (the “Guaranty”), by and through its undersigned attorneys, pursuant to Rule 8006 of the Federal Rules of Bankruptcy Procedure, hereby submits its statement of the issues to be presented and designates the record on appeal to the United States District Court for the Southern District of New York with respect to the order of the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”) confirming the Debtors’ joint plan of reorganization (the “Plan”) under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”), dated April 25, 2007 [Docket No. 5998] (the “Confirmation Order”).

**Issues to be Presented on Appeal**

1. Whether the Bankruptcy Court erred as a matter of law in confirming the Plan and approving the exculpations contained in Section 13.5 of the Plan and paragraph 83 of the Confirmation Order?
2. Whether the Bankruptcy Court lacked subject matter jurisdiction or statutory power to grant the exculpations contained in Section 13.5 of the Plan and paragraph 83 of the Confirmation Order?
3. Whether the Bankruptcy Court erred as a matter of law in ruling that the Plan complies with the requirements for confirmation under 11 U.S.C. § 1129(a)?
4. Whether the Bankruptcy Court erred as a matter of law in ruling that the Plan complies with the requirements for confirmation under 11 U.S.C. § 1129(b)?

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<sup>1</sup> UMB Bank, N.A. (“UMB”) is successor trustee to Star Bank, N.A. (“Star Bank”). Except as otherwise indicated, all references to the Trustee herein shall mean UMB.

**Designation of Items to Be Included in the Record on Appeal<sup>2</sup>**

1. Order (I) Approving the Disclosure Statement; (II) Approving Solicitation Procedures; (III) Allowing and Estimating Certain Claims for Voting Purposes; (IV) Approving Forms of Ballots and Establishing Procedures for Voting on the Debtors' Joint Plan of Reorganization; and (V) Scheduling a Hearing and Establishing Notice and Objection Procedures in Respect of Confirmation of the Debtors' Joint Plan of Reorganization, dated February 7, 2007 [Docket No. 4494].

2. Debtors' Motion Pursuant to Bankruptcy Rule 9019 and Bankruptcy Code Sections 105, 363 and 365 for Entry of an Order (I) Approving Settlement Agreement; (II) Approving the Rejection of Certain Agreements; and (III) Authorizing the Entry Into Certain New Agreements, dated March 8, 2007 [Docket No. 5050].

3. Preliminary Objection of the Ad Hoc Committee of Kenton County Bondholders to the Debtors' Motion Pursuant to Bankruptcy Rule 9019 and Bankruptcy Code Sections 105, 363 and 365 for Entry of an Order (I) Approving Settlement Agreement; (II) Approving the Rejection of Certain Agreements; and (III) Authorizing the Entry Into Certain New Agreements, dated March 13, 2007 [Docket No. 5196].

4. Corrected Objection of the Ad Hoc Committee of Kenton County Bondholders to the Debtors' Joint Plan of Reorganization Under Chapter 11 of The Bankruptcy Code, dated April 9, 2007 [Docket No. 5611].

5. Supplemental Objection of the Ad Hoc Committee of Kenton County Bondholders to the Debtors' Motion Pursuant to Bankruptcy Rule 9019 and Bankruptcy Code Sections 105, 363 and 365 for Entry of an Order (I) Approving Settlement Agreement; (II) Approving the

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<sup>2</sup> Each designated item includes any exhibits to such item. Each reference to "Docket No.\_\_\_\_" includes all documents within that Docket number.

Rejection of Certain Agreements; and (III) Authorizing the Entry Into Certain New Agreements, dated April 13, 2007 [Docket No. 5710].

6. Debtors' Reply in Support of Their Motion Pursuant to Bankruptcy Rule 9019 and Bankruptcy Code Sections 105, 363 and 365 for Entry of an Order (I) Approving Settlement Agreement; (II) Approving the Rejection of Certain Agreements; and (III) Authorizing the Entry Into Certain New Agreements, dated April 17, 2007 [Docket No. 5753].

7. Debtors' Omnibus Reply to Unresolved Non-Aircraft Objections to Confirmation of the Debtors' Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code, dated April 23, 2007 [Docket No. 5861].

8. Official Committee of Unsecured Creditors' Memorandum of Law in (I) Support of Confirmation of Debtors' Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code and (II) Response to Certain Objections, dated April 23, 2007 [Docket No. 5862].

9. Debtors' Memorandum of Law In Support of the Debtors' Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, dated April 23, 2007 [Docket No. 5863].

10. Transcript of April 19, 2007 hearing on Motion to Approve CVG Settlement Agreement Before the Honorable Adlai S. Hardin, United States Bankruptcy Judge, dated April 20, 2007 [Docket No. 6140].

11. Order Granting Debtors' Motion for Entry of an Order (I) Approving Settlement Agreement Pursuant to Federal Rule of Bankruptcy Procedure 9019, (II) Approving the Rejection of Certain Agreements Under Section 365 and (III) Authorizing the Entry Into Certain New Agreements Under Section 363, dated April 24, 2007 [Docket No. 5916].

12. Decision Granting Rule 9019 Motion and Approving Settlement, dated April 25, 2007 [Docket No. 5987].

13. Order Confirming Debtors' Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, dated April 25, 2007 [Docket No. 5998].

14. Notice of Appeal filed by Ad Hoc Committee of Kenton County Bondholders, dated May 4, 2007 [Docket No. 6096].

15. Transcript of Confirmation Hearing held on April 25, 2007 [Docket No. 6139].

16. Bondholder Indemnity Letter in favor of UMB, dated August 2, 2005 [Docket No. 6103 Item 8].

17. Bondholder Direction Letter Appointing UMB, dated August 2, 2005 [Docket No. 6103 Item 9].

18. Bondholder Direction and Consent Re: \$419,000,000 Kenton County Airport Board Special Facilities Revenue Bonds, 1992 Series A (Delta Air Lines, Inc. Project) and \$19,000,000 Kenton County Airport Board Special Facilities Revenue Bonds, Series 1992 Series B (Delta Air Lines, Inc. Project) [Docket No. 6103 Item 10].

19. Lease Agreement by and between Kenton County Airport Board (Kentucky) and Delta Air Lines, Inc., dated as of February 1, 1992 [Docket No. 5715 Ex B].

20. Settlement Agreement between Delta Air Lines and UMB Bank, N.A., dated March 8, 2007 [Docket No. 5050 Ex. Settlement Agr.].

21. Trust Indenture between Kenton County Airport Board and Star Bank, N.A. as Trustee, dated February 1, 1992 [Docket No. 5715 Ex. A].

22. White & Case Letter to UMB, dated March 6, 2007 [Docket No. 5196 Ex B].

23. UMB Proof of Claim No. 6230, dated August 21, 2006 [Docket No. 6103 Item 15].

24. Notice of (I) Settlement with Delta Air Lines, Inc. Regarding 1992 Series A and 1992 Series B Bonds; (II) Procedures Concerning Court Approval of Settlement and Related

Deadlines; and (III) Hearing on Motion to Approval Settlement, dated March 9, 2007 [Docket No. 5196 Ex. C].

25. Objection of UMB Bank, N.A. as Indenture Trustee, to Debtors' Motion for Entry of an Order Approving the Rejection of Certain Executory Contracts and Unexpired Leases and Authorizing the Abandonment of Certain Personal Property, dated January 25, 2007 [Docket No. 4301].

26. Guaranty – Kenton County Airport Board Special Facilities Revenue Bonds, 1992 Series A and 1992 Series B (Delta Air Lines, Inc. Project) (the "Bonds") [Docket No. 5715 Ex. C].

27. Bond Official Statement, dated February 1, 1992 [Docket No. 5757 Ex. 20].

28. Forbearance and Standstill Agreements with UMB [Docket No. 5757 Exs. 21-22].

29. Debtors' Motion for Entry of an Order Approving the Rejection of Certain Executory Contracts and Unexpired Leases and Authorizing the Abandonment of Certain Personal Property, dated April 28, 2006 [Docket No. 2477].

30. Objection of the Kenton County Airport Board to Debtors' Motion for Entry of an Order Approving the Rejection of Certain Executory Contracts and Unexpired Leases and Authorizing the Abandonment of Certain Personal Property, dated January 25, 2007 [Docket No. 4288].

31. Map of Cincinnati/Northern Kentucky International Airport (as identified by J. Turney) [Docket No. 6103 Item 23].

32. Settlement Agreement [Docket No. 5050 Ex. Settlement Agr.].

33. New Lease [Docket No. 5050 Ex. F].

34. New M&O Agreement [Docket No. 5050 Ex. G].

35. New Bulk Storage Facilities Lease [Docket No. 5050 Ex. B].

36. Sixth Amendment to the Airport Use Agreement [Docket No. 5050 Ex. D].
37. New Indenture [Docket No. 5050 Ex. E].
38. New Note [Docket No. 5050 Ex. C].
39. Facilities Agreement [Docket No. 5757 Ex. 8].
40. Ground Lease (Terminal) [Docket No. 6103 Item 32].
41. Ground Lease (Parking Lot) [Docket No. 6103 Item 33].
42. Bulk Storage Facilities Lease [Docket No. 6103 Item 34].
43. M&O Agreement [Docket No. 6103 Item 35].
44. Sublease for Delta Employee Parking Lot [Docket No. 6103 Item 36].
45. Space Use Arrangement with Continental [Docket No. 6103 Item 37].
46. Occupancy of Space License [Docket No. 6103 Item 38].
47. Cincinnati Throughput Agreement [Docket No. 6103 Item 39].
48. 1992 Bond Indenture [Docket No. 5757 Ex. 17].
49. Guaranty [Docket No. 5757 Ex. 18].
50. Tax Certificate [Docket No. 4288 Ex. A].
51. 1992 Bond Official Statement [Docket No. 5757 Ex. 20].
52. Forbearance Agreement and Amendments [Docket No. 5757 Ex. 21].
53. December 2005 Stipulation and Extension [Docket No. 5757 Ex. 22].
54. 16 Bondholder Notices [Docket No. 5757 Ex. 23].
55. FBG Certificate of Service of Notice and Copy of Mailing Notice [Docket No. 5318].
56. Copy of Cincinnati Enquirer and WSJ Notices [Docket No. 5757 Ex. 25].
57. Delta 8K re: Settlement Agreement (March 8, 2007) [Docket No. 5757 Ex. 26].

58. 3/9/07 Letter to Bloomberg, S&P, DPC Data and FT Interactive Data from I. Hammer re: Notice to Bondholders No. 16 [Docket No. 5757 Ex. 27].

59. Airport Use Agreement [Docket No. 5757 Ex. 28].

60. Delta – Plan of Reorganization and Disclosure Statement dated February 7, 2007 [Docket No. 4494 Exs. Plan and Disclosure Statement].

61. Order re: 9.5% Notes [Docket No. 2986].

62. Order re: LOA # 51 [Docket No. 2647].

63. Order re: PBGC Settlement [Docket No. 3949].

64. Stipulations re: termination of non-qualified pilot plan [Docket Nos. 2656, 3639 Ex. A].

65. Supplemental 1114 Term Sheets [Docket No. 4267 App. Addendum A].

66. Order Approving Massport Settlement [Docket No. 4573].

67. Order re: Gate Gourmet [Docket No. 3869].

68. Orders re: Delta Connection Agreements with Republic and Mesa [Docket Nos. 5445, 5443].

69. Turney Deposition Transcript [Docket No. 5757 Ex. 38].

70. Holscher Deposition Transcript [Docket No. 5757 Ex. 39].

71. Bramwell Transcript [Docket No. 5757 Ex. 40].

72. Hearing Transcripts [Docket No. 5757 Ex. 41].

73. February 22, 2007 Direction Letter [Docket No. 5757 Ex. 42].

74. Grant Assurances [Docket No. 5757 Ex. 43].

75. Deposition of James Turney (highlighted portions as agreed to and designated by the parties) [Docket No. 6103 Item 67].

76. Deposition of Frank Bramwell (highlighted portions as agreed to and designated by the parties) [Docket No. 6103 Item 68].

77. Deposition of Robert Holscher (highlighted portions as agreed to and designated by the parties) [Docket No. 6103 Item 69].

Dated: Miami, Florida  
May 14, 2007

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